

# REAL ESTATE ALERT

## NYS INCREASES TAXES ON REAL PROPERTY TRANSACTIONS



New York State real estate transfer tax is imposed on conveyances of real property at the rate of \$4 for each \$1,000 paid. Where the conveyance is of residential real property having a purchase price of \$1,000,000 or more, an additional tax (i.e., the mansion tax) is imposed at the rate of 1%. Now, with the recent adoption of the NYS fiscal year 2020 budget, sellers and buyers will pay more as the Tax Law has been amended to increase the transfer tax and mansion tax payable on certain New York real property transactions.

Section 1402(a) of Article 31 of the Tax Law has been amended to include an additional transfer tax of \$2.50 for each \$1,000 paid on the conveyance of residential real property where the purchase price is \$3,000,000 or more. This additional tax of \$2.50 for each \$1,000 paid will also be due on the conveyance of any other property (e.g., commercial real property) where the purchase price is \$2,000,000 or more. As a result, the NYS real estate transfer tax rate will be \$6.50 per \$1,000 paid (.65%) on residential real property transactions of \$3,000,000 or more and other property type transactions of \$2,000,000 or more.

Further change to the Tax Law includes the addition of new Section 1402-b that requires payment of a supplemental mansion tax on the conveyance of residential real property having a sales price of \$2,000,000 or more. The new mansion tax rates are as follows:

Price	Current Mansion Tax	Supplemental Mansion Tax	Total Mansion Tax
\$1,000,000 - \$1,999,999	1.00%	0%	1.00%
\$2,000,000 - \$2,999,999	1.00%	.25%	1.25%
\$3,000,000 - \$4,999,999	1.00%	.50%	1.50%
\$5,000,000 - \$9,999,999	1.00%	1.25%	2.25%
\$10,000,000 - \$14,999,999	1.00%	2.25%	3.25%
\$15,000,000 - \$19,999,999	1.00%	2.50%	3.50%
\$20,000,000 - \$24,999,999	1.00%	2.75%	3.75%
\$25,000,000 OR MORE	1.00%	2.90%	3.90%

It is important to note that the additional transfer tax and supplemental mansion tax referenced herein are applicable only where the conveyance is of real property within a city having a population of one million or more (e.g., New York City).

These changes to the Tax Law apply to conveyances occurring on or after July 1, 2019. Excepted are conveyances occurring on or after July 1, 2019 pursuant to binding written contracts entered into on or before April 1, 2019.

**For more information, please contact:**  
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